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SUBJECT: AUSTR VISIT: TIFA, APEC, CHINESE GOODS, AND CONFUSION ON GPA

REF: TAIPEI 3972

Classified By: AIT Econ Chief Daniel K. Moore for reasons 1.4 (B/D)

¶11. (C) Summary: Bureau of Foreign Trade (BOFT) Director General Franco Huang told AIT Econ Chief that he would try to provide AIT with "acceptable footnote language" for Taiwan's WTO GPA accession. It is not clear whether this signifies confusion or motion in Taiwan's position. His comments contrast with Vice Premier Tsai Ing-wen's statement to AIT DIR in late November (reftel) that no footnote language would be acceptable to Taiwan. Huang and his staff told Econoffs they were frustrated with various snubs their foreign minister had to endure in Hanoi during APEC, but they were very pleased with U.S. and other members' support for a Free Trade Area of the Asia-Pacific (FTAAP). End summary.

¶12. (U) On December 5, AIT Econ Chief hosted a lunch for BOFT Officials for a working-level readout on the Hanoi APEC meetings and an update of key trade issues in advance of Assistant USTR Tim Stratford and Deputy Assistant USTR Eric Altbach's planned visit December 18-19. The lunch was attended by BOFT's Director General Franco Huang, BOFT staff responsible for WTO, APEC, and bilateral trade issues, as well as the Chief of the Ministry of Foreign Affairs APEC Task Force.

Preparing for AUSTR Visit

¶13. (C) DG Huang called the Government Procurement Agreement (GPA) a difficult issue and noted that Chinese Taipei (Taiwan's official name within APEC and WTO) could not accede to the WTO GPA under the current proposed footnote language. He promised, however, to "ask his boss's boss," i.e. Minister for Economic Affairs Steve Chen, for footnote language acceptable to Chinese Taipei. This contrasts sharply with Vice Premier Tsai Ing-wen's statement to AIT DIR on November 24 that Taiwan is "not ready to consider" having any footnote in its WTO GPA accession language.

¶14. (U) DG Huang stated BOFT and the Ministry of Economic Affairs looked forward to discussing the TIFA agenda during the Stratford/Altbach visit. He promised to urge the relevant offices to move more quickly in drafting Taiwan's comments on the model bilateral investment agreement that USTR passed to BOFT in August. However, he also noted that the model agreement provided was done under an FTA framework.

APEC

¶5. (C) Turning to the APEC meetings in Hanoi, BOFT officials stated they were extremely pleased that the U.S. and some other member economies supported the goal of the FTAAP. Although the Leaders' Declaration was rather weak on the issue, only calling for "further studies" on ways to implement a FTAAP over the long term, Chinese Taipei took it as a victory that the U.S. and several other developed member economies offered support for this goal. Chinese Taipei was also pleased that the leaders' statement labeled the Doha Development Agenda as a top priority. DG Huang stated that Ambassador Michalak was "our hero" at APEC for his tireless promotion of these goals. Huang also noted Michalak personally told him China's Vice Minister of Commerce should not have spoken out in the APEC meeting to say that only sovereign countries can be party to free trade agreements. According to Huang, both Japanese and New Zealand reps echoed Michalak's comments.

¶6. (U) Hanoi was not without frustrations, however. BOFT and MOFA officials cited snubs that Taiwan's foreign minister had to endure such as being seated away from the other foreign ministers during a formal dinner, and having to wait to depart the event until all of the other foreign ministers had left. The MOFA official stated that Chinese Taipei had to argue with the APEC Secretariat for complete inclusion of its APEC accomplishments in a final statement. According to the official, China objected that the report included six accomplishments of Chinese Taipei and only listed three from China. China wanted to cut the number of Chinese Taipei's down to three as well. After protests and middle-of-the night e-mails the original language was preserved. These kinds of snubs were nothing new, Huang commented. Even with these frustrations, Huang stated that Taiwan remained fully committed to APEC and would continue to participate as

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actively as possible. He highlighted Taiwan's US\$2 million contribution to the e-APEC initiative as one example of Chinese Taipei's commitment to APEC.

Taiwan Bans on PRC Goods

¶7. (C) During the WTO Trade Policy Review for Taiwan, held in May this year, China protested Taiwan's import ban on over 2000 PRC products, stating such a position is contrary to WTO standards. The American Chamber of Commerce in Taipei and the European Chamber of Commerce Taipei (ECCT) regularly complain to Taiwan officials about these same prohibitions, also citing them as WTO-incompatible. DG Huang had told AIT in August China and Taiwan might hold bilateral consultations on this topic "after the summer" break and that he thought this would be a very important step in cross-Straits economic relations. DG Huang confirmed today that no such talks have materialized to date, but indicated China and Taiwan continue to discuss such talks and have tentatively arranged to hold talks in January on Taiwan's bans on agricultural products. However, Huang added that the composition and leaders for the delegations have not yet been decided.

¶8. (C) Comment: AIT believes it unlikely that Taiwan has shifted its position on the WTO GPA footnote issue since the Director last spoke with the Vice Premier on November 24. Nonetheless, AIT will follow up with BOFT to see if Minister of Economic Affairs Steve Chen clears on acceptable footnote language for Chinese Taipei's accession to the WTO GPA.

YOUNG